

Senate File 2233 - Introduced

SENATE FILE 2233
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 3159)

A BILL FOR

1 An Act concerning public retirement systems, including the
2 public safety peace officers' retirement, accident, and
3 disability system, the Iowa public employees' retirement
4 system, the statewide fire and police retirement system,
5 the judicial retirement system, making appropriations, and
6 including effective date and retroactive applicability
7 provisions.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT, AND
DISABILITY SYSTEM

Section 1. Section 97A.1, Code 2014, is amended by adding
the following new subsections:

NEW SUBSECTION. 5A. "*Cancer*" means prostate cancer, primary
brain cancer, breast cancer, ovarian cancer, cervical cancer,
uterine cancer, malignant melanoma, leukemia, non-Hodgkin's
lymphoma, bladder cancer, colorectal cancer, multiple myeloma,
testicular cancer, and kidney cancer.

NEW SUBSECTION. 9A. "*Infectious disease*" means HIV or
AIDS as defined in section 141A.1, all strains of hepatitis,
meningococcal meningitis, and mycobacterium tuberculosis.

Sec. 2. Section 97A.6, subsection 5, paragraph b, Code 2014,
is amended to read as follows:

b. (1) Disease under this ~~section~~ subsection shall mean
heart disease or any disease of the lungs or respiratory tract
and shall be presumed to have been contracted while on active
duty as a result of strain, exposure, or the inhalation of
noxious fumes, poison, or gases.

(2) Disease under this subsection shall also mean cancer
or infectious disease and shall be presumed to have been
contracted while on active duty as a result of that duty.

(3) However, if a person's membership in the system first
commenced on or after July 1, 1992, and the heart disease
or disease of the lungs or respiratory tract, cancer, or
infectious disease would not exist, but for a medical condition
that was known to exist on the date that membership commenced,
the presumption established in this paragraph "b" shall not
apply.

Sec. 3. Section 97A.8, subsection 1, paragraph e,
subparagraph (8), subparagraph division (a), subparagraph
subdivision (v), Code 2014, is amended to read as follows:

(v) For the fiscal year beginning July 1, 2014, and each
fiscal year thereafter, eleven and ~~thirty-five hundredths~~

1 four-tenths percent.

2 Sec. 4. PUBLIC SAFETY PEACE OFFICERS' RETIREMENT, ACCIDENT,
3 AND DISABILITY SYSTEM — REPORT. The public safety peace
4 officers' retirement, accident, and disability system, as
5 established pursuant to chapter 97A, shall collect data related
6 to the implementation, utilization, and costs associated with
7 the requirements of this division of this Act providing that
8 cancer and infectious disease are presumed to be a disease
9 contracted while a member of the retirement system is on active
10 duty as provided in section 97A.6, subsection 5. In collecting
11 and reporting data, the system shall provide information as
12 to the actuarial cost to the system of the requirements of
13 this division of this Act and shall collect data relative to
14 any associated medical, insurance, or other costs incurred
15 as a result of this division of this Act. The retirement
16 system shall submit a written report to the general assembly by
17 October 1, 2019, concerning the data collected and including
18 the system's findings and recommendations.

19 DIVISION II

20 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

21 Sec. 5. Section 97B.1A, subsection 5, Code 2014, is amended
22 to read as follows:

23 5. "*Beneficiary*" means the person or persons who are
24 entitled to receive any benefits payable under this chapter
25 at the death of a member, if the person or persons have been
26 designated on a form provided by the system and filed with the
27 system or designated pursuant to a qualified domestic relations
28 order on file with the system. If no such designation is in
29 effect at the time of death of the member or if no person so
30 designated is living at that time, then the beneficiary is the
31 estate of the member.

32 Sec. 6. Section 97B.1A, subsection 8, paragraph b,
33 subparagraph (7), Code 2014, is amended to read as follows:

34 (7) Employees of an area agency on aging, ~~if as of July~~
35 ~~1, 1994, the agency provides for participation by all of its~~

1 ~~employees who were participating in an alternative qualified~~
2 ~~plan pursuant to the requirements of the federal Internal~~
3 ~~Revenue Code on June 30, 2012, and who by September 1, 2013,~~
4 ~~filed with the system a valid decision to elect out of coverage~~
5 ~~under this chapter.~~

6 Sec. 7. Section 97B.1A, subsection 14A, Code 2014, is
7 amended to read as follows:

8 14A. "*Member account*" means the account established for each
9 member and includes the member's accumulated contributions and
10 the member's share of the accumulated employer contributions as
11 provided in section 97B.53. ~~"Member account" does not mean the~~
12 ~~supplemental account for active members.~~

13 Sec. 8. Section 97B.1A, subsection 22A, Code 2014, is
14 amended by striking the subsection.

15 Sec. 9. Section 97B.7A, subsection 5, Code 2014, is amended
16 to read as follows:

17 5. *Travel*. In the administration of the investment of
18 moneys in the retirement fund, employees of the system and
19 members of the board may travel outside the state for the
20 purpose of meeting with investment firms and consultants and
21 attending conferences and meetings to fulfill their fiduciary
22 responsibilities. ~~This travel is not subject to section~~
23 ~~8A.512, subsection 2.~~

24 Sec. 10. Section 97B.44, Code 2014, is amended to read as
25 follows:

26 **97B.44 Beneficiary.**

27 1. Each member shall ~~designate~~, on a form to be furnished
28 by the system or through a qualified domestic relations order
29 on file with the system, designate a beneficiary for death
30 benefits payable under this chapter on the death of the member.
31 The designation may be changed from time to time by the member
32 by filing a new designation with the system. A designation
33 or change in designation made by a member on or after July
34 1, 2000, shall contain the written consent of the member's
35 spouse, if applicable. The designation of a beneficiary is not

1 applicable if the member receives a refund of all contributions
2 of the member. If a member who has received a refund of
3 contributions returns to employment, the member shall file a
4 new designation with the system.

5 2. If a member has not designated a beneficiary ~~on a form~~
6 ~~furnished by the system~~ as provided by this section, or if
7 there are no surviving designated beneficiaries of a member,
8 death benefits payable under this chapter shall be paid to the
9 member's estate.

10 3. ~~However, the~~ The system may accept a married member's
11 designation or change in designation under this section without
12 the written consent of the member's spouse if the member
13 submits a notarized statement indicating that the member has
14 been unable to locate the member's spouse to obtain the written
15 consent of the spouse after reasonable diligent efforts. The
16 member's designation or change in designation shall become
17 effective upon filing the necessary forms, including the
18 notarized statement, or orders, with the system. The system
19 shall not be liable to the member, the member's spouse, or
20 to any other person affected by the member's designation or
21 change of designation, based upon a designation or change of
22 designation accomplished without the written consent of the
23 member's spouse.

24 Sec. 11. Section 97B.46, subsection 2, Code 2014, is amended
25 to read as follows:

26 2. A member remaining in service after attaining the age
27 of seventy years is entitled to receive a retirement allowance
28 under sections 97B.49A through ~~97B.49H~~ 97B.49G, as applicable,
29 without terminating employment.

30 Sec. 12. Section 97B.48, subsection 4, Code 2014, is amended
31 to read as follows:

32 4. Payment of a member's retirement allowance pursuant to
33 sections 97B.49A through ~~97B.49H~~ 97B.49G shall commence no
34 later than the required beginning date specified under section
35 401(a)(9) of the federal Internal Revenue Code regardless of

1 whether the member has submitted the appropriate notice to
2 receive an allowance. If the lump sum actuarial equivalent
3 under subsection 1 could have been selected by the member,
4 payments shall be made in a lump sum rather than as a monthly
5 allowance.

6 Sec. 13. Section 97B.49B, subsection 1, paragraph e, Code
7 2014, is amended by adding the following new subparagraph:

8 NEW SUBPARAGRAPH. (13) An employee of a judicial district
9 department of correctional services whose condition of
10 employment requires the employee to be certified by the Iowa
11 law enforcement academy and who is required to perform the
12 duties of a parole officer as provided in section 906.2.

13 Sec. 14. Section 97B.49F, subsection 2, Code 2014, is
14 amended by striking the subsection.

15 Sec. 15. Section 97B.50A, subsection 1, paragraph b, Code
16 2014, is amended to read as follows:

17 *b. "Net disability retirement allowance"* means the amount
18 determined by subtracting the amount paid during the previous
19 calendar year by the member for health insurance or similar
20 health care coverage for the member and the member's dependents
21 from the amount of the member's disability retirement
22 allowance, including any dividends ~~and distributions from~~
23 ~~supplemental accounts,~~ paid for that year pursuant to this
24 section.

25 Sec. 16. Section 97B.50A, subsection 9, Code 2014, is
26 amended to read as follows:

27 9. *Medical board.* The system shall designate a medical
28 board to be composed of ~~three~~ a physician or physicians from
29 the university of Iowa hospitals and clinics who shall arrange
30 for and pass upon the medical examinations required under
31 this section and shall report in writing to the system the
32 conclusions and recommendations upon all matters duly referred
33 to the medical board. Each report of a medical examination
34 under this section shall include the medical board's findings
35 as to the extent of the member's physical or mental impairment.

1 Except as required by this section, each report shall be
2 confidential and shall be maintained in accordance with the
3 federal Americans With Disabilities Act, and any other state
4 or federal law containing requirements for confidentiality of
5 medical records.

6 Sec. 17. Section 97B.52A, subsection 1, paragraph c,
7 subparagraph (2), subparagraph division (b), Code 2014, is
8 amended to read as follows:

9 (b) For a member whose first month of entitlement is
10 July 2004 or later, but before July ~~2014~~ 2016, covered
11 employment does not include employment as a licensed health
12 care professional by a public hospital. For the purposes of
13 this subparagraph, "*public hospital*" means a hospital licensed
14 pursuant to chapter 135B and governed pursuant to chapter 145A,
15 347, 347A, or 392.

16 Sec. 18. Section 97B.53, Code 2014, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 11. A request for a refund under this
19 section made by a member who is married requires the written
20 acknowledgment of the member's spouse. However, the system
21 may accept a married member's request for a refund under this
22 section without the written acknowledgment of the member's
23 spouse if the member submits a statement affirming that after
24 reasonable diligent efforts the member has been unable to
25 locate the member's spouse to obtain the written acknowledgment
26 of the spouse. A married member's request for a refund under
27 this section shall become effective upon filing the necessary
28 forms, or including the affirmation if applicable, with the
29 system. The system shall not be liable to the member, the
30 member's spouse, nor to any other person affected by the
31 member's request for a refund based upon a request for a refund
32 accomplished without the written acknowledgment of the member's
33 spouse.

34 Sec. 19. Section 97B.53A, Code 2014, is amended to read as
35 follows:

1 **97B.53A Duty of system.**

2 Upon a member's termination of covered employment prior to
3 the member's retirement, the system shall send the member by
4 first class mail, to the member's last known mailing address,
5 a notice setting forth the balance and status of the member's
6 account ~~and supplemental account~~ and an explanation of the
7 courses of action available to the member under this chapter.

8 Sec. 20. Section 97B.53B, subsection 1, paragraph d,
9 subparagraph (1), subparagraph division (a), Code 2014, is
10 amended to read as follows:

11 (a) All or any portion of a member's account ~~and~~
12 ~~supplemental account~~.

13 Sec. 21. Section 97B.70, subsection 3, Code 2014, is amended
14 to read as follows:

15 3. Interest shall be credited to the accumulated
16 contributions and accumulated employer contributions accounts,
17 ~~and supplemental accounts of active members,~~ inactive vested
18 members, and, effective January 1, 1999, to inactive nonvested
19 members, until the quarter prior to the quarter in which the
20 member's first retirement allowance is paid or in which the
21 member is issued a refund under section 97B.53, or in which a
22 death benefit is issued.

23 Sec. 22. Section 97B.80, subsection 1, Code 2014, is amended
24 to read as follows:

25 1. a. For purposes of this subsection, "eligible member"
26 means as follows:

27 (1) For the period beginning July 1, 1992, and ending June
28 30, 2014, a vested or retired member who has one or more full
29 calendar years of covered wages.

30 (2) Beginning on or after July 1, 2014, a member vested by
31 service or a retired member who is vested by service and who
32 is within six months of the retired member's first month of
33 entitlement.

34 ~~b. Effective July 1, 1992, a vested or retired~~ An eligible
35 ~~member who has one or more full calendar years of covered wages~~

1 ~~and~~ who at any time served on active duty in the armed forces of
2 the United States, upon submitting verification of the dates
3 of the active duty service, may make contributions to the
4 retirement system for all or a portion of the period of time of
5 the active duty service, in increments of one or more calendar
6 quarters, and receive credit for membership service and prior
7 service for the period of time for which the contributions are
8 made.

9 Sec. 23. Section 97B.80C, subsection 1, Code 2014, is
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. *0a. "Eligible member" means as follows:*

12 (1) Prior to July 1, 2014, a vested or retired member.

13 (2) Beginning on or after July 1, 2014, a member vested by
14 service or a retired member who is vested by service and who
15 is within six months of the retired member's first month of
16 entitlement.

17 Sec. 24. Section 97B.80C, subsection 2, paragraphs a, b, and
18 c, Code 2014, are amended to read as follows:

19 a. ~~A vested or retired~~ An eligible member may make
20 contributions to the retirement system to purchase up to the
21 maximum amount of permissive service credit for qualified
22 service as determined by the system, pursuant to Internal
23 Revenue Code section 415(n), the requirements of this section,
24 and the system's administrative rules.

25 b. ~~A vested or retired~~ An eligible member of the retirement
26 system may make contributions to the retirement system to
27 purchase up to a maximum of twenty quarters of permissive
28 service credit for nonqualified service as determined by the
29 system, pursuant to Internal Revenue Code section 415(n), the
30 requirements of this section, and the system's administrative
31 rules. ~~A vested or retired~~ An eligible member must have at
32 least twenty quarters of covered wages in order to purchase
33 permissive service credit for nonqualified service.

34 c. ~~A vested or retired~~ An eligible member may convert
35 regular member service credit to special service credit by

1 payment of the amount actuarially determined as necessary to
2 fund the resulting increase in the member's accrued benefit.
3 The conversion shall be treated as a purchase of qualified
4 service credit subject to the requirements of paragraph "a"
5 if the service credit to be converted was or would have been
6 for qualified service. The conversion shall be treated as
7 a purchase of nonqualified service credit subject to the
8 requirements of paragraph "b" if the service credit to be
9 converted was purchased as nonqualified service credit.

10 Sec. 25. Section 231.33, subsection 21, Code 2014, is
11 amended to read as follows:

12 21. Comply with all applicable requirements of the Iowa
13 public employees' retirement system established pursuant to
14 chapter 97B. ~~Notwithstanding any provision to the contrary,~~
15 ~~an employee of an area agency on aging that was enrolled in~~
16 ~~an alternative qualified plan prior to July 1, 2012, may~~
17 ~~continue participation in that alternative qualified plan in~~
18 ~~lieu of mandatory participation in the Iowa public employees'~~
19 ~~retirement system.~~

20 Sec. 26. Section 602.11115, subsection 2, Code 2014, is
21 amended to read as follows:

22 2. To commence coverage under the judicial retirement
23 system pursuant to article 9, part 1, effective July 1, 1984,
24 but to become an inactive member of the Iowa public employees'
25 retirement system pursuant to chapter 97B and remain eligible
26 for benefits under sections 97B.49A through 97B.49H 97B.49G for
27 the period of membership service under chapter 97B.

28 Sec. 27. Section 602.11116, subsection 2, Code 2014, is
29 amended to read as follows:

30 2. To commence membership under the judicial retirement
31 system pursuant to article 9, part 1, effective July 1, 1998,
32 but to become an inactive member of the Iowa public employees'
33 retirement system pursuant to chapter 97B and remain eligible
34 for benefits under sections 97B.49A through 97B.49H 97B.49G, as
35 applicable, for the period of membership service under chapter

1 97B.

2 Sec. 28. REPEAL. Sections 97B.49H and 97B.49I, Code 2014,
3 are repealed.

4 Sec. 29. EFFECTIVE UPON ENACTMENT. The following provision
5 or provisions of this division of this Act, being deemed of
6 immediate importance, take effect upon enactment:

7 1. The section of this division of this Act amending section
8 97B.1A, subsection 8, paragraph b, subparagraph (7).

9 Sec. 30. RETROACTIVE APPLICABILITY. The following
10 provision or provisions of this division of this Act apply
11 retroactively to June 30, 2012:

12 1. The section of this division of this Act amending section
13 97B.1A, subsection 8, paragraph b, subparagraph (7).

14 2. The section of this division of this Act amending section
15 231.33, subsection 21.

16 DIVISION III

17 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

18 Sec. 31. NEW SECTION. 411.19 State appropriation.

19 1. There is appropriated from the general fund of the state
20 for each fiscal year an amount equal to three and seventy-nine
21 hundredths percent of the covered earnable compensation to be
22 distributed to the statewide fire and police retirement system,
23 or to the cities participating in the system, to finance the
24 cost of benefits provided in this chapter by amendments of the
25 Acts of the Sixty-sixth General Assembly, chapter 1089. The
26 method of distribution shall be determined by the board of
27 trustees based on information provided by the actuary of the
28 statewide retirement system.

29 2. Moneys appropriated by the state shall not be used
30 to reduce the normal rate of contribution of any city below
31 seventeen percent.

32 DIVISION IV

33 JUDICIAL RETIREMENT SYSTEM

34 Sec. 32. JUDICIAL RETIREMENT FUND. There is transferred
35 from the general fund of the state to the judicial retirement

1 fund described in section 602.9104, for the fiscal year
2 beginning July 1, 2013, and ending June 30, 2014, an amount
3 equal to \$18,900,000.

4 Sec. 33. EFFECTIVE UPON ENACTMENT. This division of this
5 Act, being deemed of immediate importance, takes effect upon
6 enactment.

7 EXPLANATION

8 The inclusion of this explanation does not constitute agreement with
9 the explanation's substance by the members of the general assembly.

10 This bill makes numerous changes to public retirement
11 systems, including the public safety peace officers'
12 retirement, accident, and disability system, the Iowa public
13 employees' retirement system, the statewide fire and police
14 retirement system, and the judicial retirement system. The
15 changes to each applicable public retirement system are as
16 follows:

17 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM
18 (PORS).

19 This division of the bill provides that certain cancers and
20 infectious diseases contracted by peace officer members of
21 PORS are presumed to be a disease contracted while on active
22 duty due to the job for purposes of establishing an accidental
23 disability pension. "Cancer" and "infectious disease" are
24 defined the same as those terms are defined for the statewide
25 fire and police retirement system established in Code chapter
26 411. The bill also provides that the presumption will not
27 apply to peace officer members who joined the retirement system
28 after July 1, 1992, in which the cancer or infectious disease
29 would not have existed but for a medical condition that was
30 known on the date the member joined. The bill also increases
31 the minimum contribution rate for peace officer members of the
32 pension system beginning July 1, 2014, from 11.35 percent to
33 11.4 percent of earnable compensation. The PORS is directed to
34 conduct a study and collect data related to the implementation,
35 utilization, and costs associated with the requirements related

1 to cancers and infectious diseases and to submit a written
2 report to the general assembly by October 1, 2019, concerning
3 the data collected and including the system's findings and
4 recommendations.

5 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS).

6 Code sections 97B.1A(5) and 97B.44, concerning beneficiaries
7 under IPERS, are amended to provide that beneficiaries can be
8 designated through a qualified domestic relations order.

9 Code section 97B.1A(8)(b), defining employees who are not
10 covered under IPERS, is amended to provide that employees of an
11 area agency on aging who were participating in an alternative
12 retirement plan on June 30, 2012, and who elected out of IPERS
13 coverage by September 1, 2013, are excluded from coverage under
14 IPERS. A corresponding amendment is made to Code section
15 231.33, concerning area agencies on aging. These provisions
16 take effect upon enactment and apply retroactively to June 30,
17 2012.

18 Code section 97B.49B, concerning members in a protection
19 occupation, is amended to provide that parole officers employed
20 by a judicial district department of correctional services who
21 are certified by the Iowa law enforcement academy are included
22 within the protection occupation category of IPERS.

23 Code section 97B.49F(2), establishing the favorable
24 experience dividend program for IPERS members who retired on or
25 after July 1, 1990, is stricken.

26 Code section 97B.49H, establishing active member
27 supplemental accounts, is repealed. The bill includes
28 corresponding amendments related to the repeal.

29 Code section 97B.49I, providing for a qualified benefits
30 arrangement, is repealed.

31 Code section 97B.50A(9), concerning the medical board
32 used for purposes of disability benefits for special service
33 IPERS members, is amended to allow IPERS to use one or more
34 physicians from the University of Iowa as the medical board.
35 Current law requires that the medical board consist of three

1 physicians from the University of Iowa.

2 Code section 97B.52A, concerning the determination of a
3 bona fide retirement under IPERS, is amended. Current law
4 allows, until July 2014, a person to retire, receive retirement
5 benefits, and to return to covered employment as a licensed
6 health care professional at a public hospital after one month
7 and still receive retirement benefits. Most retirees under
8 IPERS are not allowed to return to covered employment and
9 continue to receive retirement benefits until at least four
10 months after they retire. The bill extends the sunset of this
11 shortened period for licensed health care professionals from
12 July 2014 to July 2016.

13 Code section 97B.53, concerning refunds, is amended to
14 require a married IPERS member seeking a refund to submit
15 a written acknowledgment of the member's spouse to IPERS.
16 The bill provides that a married member may still receive
17 a refund if the member is unable to locate the spouse and
18 IPERS shall not be liable based upon a refund made without the
19 acknowledgment of the member's spouse.

20 Code section 97B.80, concerning the purchase of IPERS
21 service for military service, is amended to provide that only a
22 member vested by service or a retired member who is vested by
23 service and is within six months of the member's first month
24 of entitlement may make a service purchase under this Code
25 section. Currently, any vested or retired member, regardless
26 of how the member became vested, who has at least one year of
27 IPERS wages may make a service purchase at any time.

28 Code section 97B.80C, concerning purchases of permissive
29 service credit, is amended to provide that only a member
30 vested by service or a retired member who is vested by
31 service and is within six months of the member's first month
32 of entitlement may make a service purchase under this Code
33 section. Currently, any vested or retired member, regardless
34 of how the member became vested, may make a service purchase
35 under this Code section at any time.

1 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM.

2 New Code section 411.19 provides for a state appropriation
3 to the statewide fire and police retirement system established
4 in Code chapter 411 equal to 3.79 percent of the covered
5 earnable compensation of the members. The percentage
6 represents the cost of benefits provided by Acts of the
7 66th General Assembly. The bill restores the standing state
8 appropriation to the retirement system that was repealed by
9 2010 Acts, chapter 1167. The repealed language had set the
10 state appropriation based upon the cost of benefits provided
11 by the Acts of the 66th General Assembly but did not specify a
12 percentage.

13 JUDICIAL RETIREMENT SYSTEM.

14 The bill transfers moneys from the general fund of the state
15 to the judicial retirement fund for FY 2013-2014. The division
16 takes effect upon enactment.